



**ARKANSAS INSURANCE DEPARTMENT  
LEGAL DIVISION**

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Bulletin 16-82

**USE OF UNAPPROVED AMENDMENT OR  
ENDORSEMENT FORMS**

December 31, 1982

It has come to the attention of the Arkansas Insurance Department that certain lending institutions are requiring insurance agents to sign an "Insurance Memorandum" or "Memorandum and Certificate of Insurance" on behalf of the insurance company providing insurance on mortgaged property. The "Certification" requires that the agent, on behalf of the insurance company, agree to notify all parties at interest should the insurance policy terminate for any reason.

The lending institutions are requesting that the agent supply the executed "Certification" as evidence of insurance in place of a copy of the insurance policy on the mortgaged property. However, the terms of the "Certification" appear to be an attempt to amend or endorse the policy form evidenced by the certification to require notification of cancellation or termination for any reason. Pursuant to Ark. Stat. Ann. §66-3209, no amendment, endorsement or certificate may be issued, delivered or used as to a subject of insurance resident, located or to be performed in this State, unless the form is filed with and approved by the Commissioner. The Insurance Department records do not indicate that any insurer has filed an amendment or endorsement form amending a policy form to agree that the agent or insurer will notify a mortgagee should an insurance policy terminate for any reason.

All property and casualty insurers are directed to notify their agents immediately to discontinue signing this type of certification. No such certification may be signed or utilized by an agent or insurer to amend or endorse the terms of a policy to provide for notification of termination for any reason unless such form is filed with and approved by the Commissioner in compliance with Ark. Stat. Ann. § 66-3209.

Provisions of the "Trade Practices Act," specifically Ark. Stat. Ann. § 66-3033 set forth specific reasons for a mortgagee's refusal to accept an insurance policy offered by the debtor. It is possible that refusal by a lending institution to accept insurance policies from agents refusing to sign a "Certification" may be in violation of this statute.

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INSURANCE COMMISSIONER